25 May 2010

Elephant Capital plc

Interim Results for six months ended 28 February 2010

Elephant Capital plc (ECAP), the India focused Private Equity fund is pleased to announce Interim results for the six months ended 28 February 2010.

Key Points:

- Period end cash of £23.0m (31 Aug 2009: £27.4m)
- Net Asset Value per share 89p (31 Aug 2009: 84p)
- £5.95 million investment in Global Cricket Ventures, an online media and broadcasting company
- Partial exit from NIIT Ltd achieving an IRR in excess of 25%
- A strong pipeline of investment opportunities

Commenting, Chairman Pramath Raj Sinha, said:

"This has been a very busy six months for Elephant. The pipeline is strong, we have maintained sufficient financial flexibility and against an increasingly benign economic background, I believe Elephant Capital is very well placed to negotiate some interesting transactions in the coming period."

For further information, contact:

Elephant Capital Plc Gaurav Burman / Joanna Allen	+44 207 292 6072 / + 91 11 4320 8011
Buchanan Communications Mark Edwards / Nicola Cronk	+44 207 466 5000
Seymour Pierce Nandita Sahgal / Tom Sheldon	+44 207 107 8000
Fairfax I. S. PLC James King	+44 207 598 5368

Chairman's Statement

Interim Report May 2010

The period under review has been a very exciting one for Elephant Capital. We have made one new investment in the world of sports media and have largely exited another, at an IRR in excess of 25%, which I believe to be an excellent return for shareholders. In terms of the wider economy, we have seen the recovery starting to consolidate, and India is now expected to be amongst those economies leading recovery and growth, globally. Yet, risks remain: accelerating inflation has already triggered a contractionary shift in monetary policy, whilst the impact of events in Dubai and Greece demonstrate that India remains vulnerable to volatility in the wider global markets.

The Indian economy recorded growth of 6% in the third quarter, slightly down on the previous quarter, reflecting the impact of a weak monsoon on the agricultural sector. However, the strength of the manufacturing, financial and services sectors has provided comfort that growth and recovery continue to be on track and will be increasingly broad based. With a healthy winter crop expected in the final quarter, the Government and Reserve Bank of India ("RBI") remain confident that the full year target of 7.2% will be achieved.

The impact of the monsoon has also been felt in the price level, driving food price inflation to over 16%, and the wholesale price index to 9.6%, and prompting the RBI to reign in some of the expansionary liquidity measures that were introduced in the wake of the Credit Crisis. The cash reserve ratio was raised 100bps to 6.00%, in two stages between January and April, and the repo rate and reserve repo rate were each raised 50bps between March and April to 5.25% and 3.75% respectively. The RBI has clearly signaled that the balance of its policy stance has shifted towards containing inflation, amid fears that inflation, which was initially supply side driven, may become more generalised.

The timing and extent to which monetary and fiscal support is withdrawn has created some nervousness on the Indian markets, with the authorities increasingly under pressure to demonstrate their commitment to a more "responsible" policy stance. The Union Budget, which was delivered at the end of February, partially eased concerns, by setting out the long-awaited "roadmap" to fiscal consolidation: the fiscal deficit, forecast to hit 6.9% of GDP in the current year, is expected to fall to 5.5% in 2010-11 and 4.8% in 2011-12 as tax reform, an increase in excise duties and the ongoing divestment of public sector undertakings raises Government receipts, against a background of continuing economic growth.

The Indian markets were relatively subdued in the period under review, gaining just 5% by the close in February. FII were net buyers over the period, investing a net USD 10 billion in Indian equities, recording positive inflows in five out of six months, with only a small loss recorded in January. The value of Elephant Capital's listed portfolio is up slightly over the period, although the performance of individual stocks has varied greatly. Mahindra Forgings, the auto-component manufacturer, was our best performing stock gaining 44% over the period, as news of its INR 1.75 billion QIP issue was well received by investors. Nitco was the weakest of our investments, losing 32%, as a suspension on the sale of imported products by the Directorate of Revenue Intelligence affected sales in two consecutive quarters. The suspension has since been lifted, and I am pleased to note that sales for the quarter ended March 2010 were up 36% against sales for the quarter ended December 2009.

EIH, which operates in the high end hotel sector, moved in line with the market in the period under review and remains comfortably above cost. Over December 2009 and January 2010, Elephant Capital substantially exited its investment in NIIT, the vocational skills and education provider, achieving an IRR in excess of 25% which I believe to be an excellent result for shareholders. We have made some opportunistic sales post period end, and as soon as market conditions allow, we would intend to fully exit this investment.

We have been extremely pleased with the performance of our non-listed portfolio. Obopay, the mobile payments business, has made excellent progress over the period. In the six months under review, the final funding round with Nokia was closed and its total investment in Obopay now comprises an equity stake of around 38%; "Nokia Money" was launched amongst a controlled user group in Pune, India, "YuCash" was launched in Kenya, and in Senegal strategic partnerships were established for a launch there later in 2010. I am very encouraged by the momentum this technology is building in emerging markets, which I believe offer the greatest opportunities to Obopay's business.

Global Cricket Ventures ("GCV") has just completed its first Indian Premier League ("IPL") season since our investment, giving us the opportunity to observe, and work closely with management. To most efficiently unlock value from its licenses, GCV assembled an excellent network of partners, targeting the different media delivery platforms covered by these licenses. Most significantly, GCV signed up Google to help monetise the IPL site, and YouTube to stream the IPL matches, dramatically raising the profile of both the tournament and GCV. In January, GCV also announced the acquisition of Willow TV, the primary online broadcaster of cricket in North America; aside from providing exposure to this key market, the acquisition brought with it the experience and expertise of the Willow TV team, which has proved invaluable during the IPL tournament. With the groundwork effectively established, GCV is now very well placed to employ a similar strategy at the forthcoming Champion's League Twenty 20 ("CLT20") tournament in September.

We are aware that there is speculation in the Indian press relating to the manner in which the internet rights to the Indian Premier League (IPL) tournament were granted and we understand that the Board of Control for Cricket in India (BCCI) may be investigating this. One of our investee companies, GCV, holds certain internet and mobile rights relating to the IPL, that were acquired before Elephant Capital invested in it. Neither Elephant Capital nor GCV has been approached by the BCCI or any other authority in connection with this. Should Elephant Capital or GCV be so approached, we would, of course, extend our fullest co-operation. I would like to take this opportunity to reassure shareholders that Elephant Capital has consistently been transparent in its dealings with GCV and maintains the highest standards of corporate governance.

The Indian private equity market has had an encouraging start to 2010 – the three months to March saw a six quarter high for PE investment in Indian companies, with 69 deals totaling over USD 2 billion, and representing a year-on-year increase of nearly 200% by value and 77% by volume. Significantly, this quarter has seen the re-emergence of big deals, signaling a return to confidence in the market. Our own experience bears out this positive momentum, and we currently have a very attractive pipeline of deals under consideration.

In conclusion, this has been a very busy six months for Elephant Capital. The pipeline is strong, we have maintained sufficient financial flexibility, and against an increasingly benign economic background, I believe Elephant Capital is very well placed to negotiate some interesting transactions in the coming period.

Pramath Raj Sinha
May 21, 2010

Investment Manager's Review

Introduction:
During the period Elephant Capital plc ("Elephant Capital" or the "Company") made an investment of GBP 5.95 million in Global Cricket Ventures Limited, Mauritius ("GCV"), a digital media and broadcast company, which holds exclusive internet and mobile licenses to rights in respect of the Indian Premier League ("IPL") and exclusive internet licenses to rights in respect of the Champion's League Twenty20 ("CLT20") cricket tournaments. It also owns the domain name, Cricket.com.

Elephant Capital also made a substantial exit of its investment in NIIT Limited, the education and skills provider, selling 1.9 million shares, representing 75% of its total investment and achieving an IRR in excess of 25%. Post period end, a further 100,000 shares have been sold.

Elephant Capital makes investments via our Mauritian based fund vehicles Tusk Investments Fund I and Tusk Investments Fund II (individually as the "Fund", collectively as the "Funds") into businesses that are established or operating primarily in India.

The Funds are managed by Elephant Capital LLP (the "Manager" or "Elephant") a limited liability partnership which in turn is advised by Elephant India Advisors Pvt. Ltd (the "Advisor"), of which the senior executives in India are all members.

The Manager and the Advisor's investment team, led by Gaurav Burman and Mohit Burman, include all the members of the Advisor all of whom have extensive experience within the private equity and financial services industry.

Investment Strategy:
The Company was established to execute a value based strategy in both public and private businesses, building a concentrated portfolio of investments in which the Manager and Advisor can act as catalysts for change and value creation. The Manager and Advisor target companies, which they believe have the potential to add value and growth to the portfolio by way of domestic growth, international expansion or restructuring. The Manager and Advisor utilise their knowledge of the region, and networks both inside and outside of India, to assist investee companies to develop plans which ensure value creation.

All investments, whether in public or private companies, are preceded by extensive due diligence to assess the risks and opportunities with respect to an investment. This includes an overview of the target's market, management, business model, financial track record, prospects and the likely realisation strategy. The investment team remains sector agnostic and is careful in managing its exposure to any one sector.

The Manager and Advisor are currently focused on making investments that will lead to the Fund becoming a majority or controlling shareholder. Where this is the case, the Manager and Advisor will work with the investee company's management team to develop a plan outlining specifically how value is to be created and detailed actions taken to realise the opportunity. The Manager intends to maintain a high ratio of investment executives to investee companies in order to enable it to play a hands-on role with the investee company in implementing and continually developing this investment strategy.

Where the Fund is a minority shareholder in a publicly listed company or a private company, the Manager and Advisor will actively engage with the board of the investee company to find ways to realise additional value.

The Company has no fixed life and it is expected that it will continue to re-invest the proceeds of any realisations net of gains with an appropriate provision for actual or expected future losses.

Investment Origination and Activity:
In the six month period to 28 February 2010 the Manager and Advisor made one investment and substantially exited another. The Manager and Advisor continue to be focused firmly on adding value to the portfolio companies and on evaluating high quality investment opportunities.

In the period under review, the operating environment continued to improve, with strong numbers released on GDP growth, industrial output and exports. However, the markets were little changed, with the Sensex gaining just 5% in the six months to the end of February. International concerns such as the events in Dubai and Greece weighed heavily, whilst domestically, issues such as inflation, and the timing and extent of monetary tightening have produced periodic bouts of nervousness. The Sensex is unchanged post period end, and mindful that the broader rally has been marked by some severe and prolonged pullbacks, we remain circumspect in our outlook.

Mahindra Forgings has been our strongest performing stock, gaining 44% over the period, with news of the INR 1.75 billion qualified institutional placement (“QIP”) being warmly greeted by the market. Vehicle sales have notably picked up in India, and the company is sounding more upbeat on its European business than it has previously. EIH moved in line with the market, and remains comfortably above cost. The hospitality sector in India was extremely strained by the collapse in global demand following the Credit Crisis, but recent statistics show foreign tourist arrivals up nearly 13% year-on-year in the January to March 2010 period, and with the Commonwealth Games expected to draw around 100,000 visitors in October, demand is forecast to remain firm.

Nitco was our weakest performing stock, down 32% over the period. As a result of the investigation by the Directorate of Revenue Intelligence into custom duty payable on the import of marble slabs, sales of imported products were suspended for four months, severely affecting quarterly results in two consecutive quarters. The suspension was lifted in December, and as a result, sales were up 36% in the quarter ended March 2010 against the previous quarter. Elephant Capital has now substantially sold out of its investment in NIIT, but continues to retain 0.56 million shares (reflecting post balance sheet sales), which will be realised when market conditions allow.

Obopay continues to be a sound investment for us; the six month period saw pilot trials of its technology in Pune, India, in partnership with Nokia, the launch of “YuCash” in Kenya and the execution of key agreements with financial services partners in Senegal. In addition, Obopay became available on Apple iPhones for use in the US and the company was recognised as a 2010 Technology Pioneer by the World Economic Forum.

The Manager and Advisor are extremely pleased with the progress of its most recent investment, GCV, which saw its business plan tested during the third IPL season in India this year. The Manager and Advisor are confident that the business is on track, and look forward to the CLT20 tournament in September which will be the second such key event for GCV.

Elephant Capital has a strong pipeline and we are confident that much progress can be made in the coming period.

Portfolio Activity:
During the period our portfolio companies achieved the following:

EIH Limited

EIH owns or manages 28 hotels, with over 3,000 rooms and three cruise ships in five countries, under the luxury “Oberoi” and five star “Trident” brands. It is one of the strongest hotel portfolios in India, with properties located in Tier I and II cities, as well as leading tourist destinations. Elephant Capital currently has an equity stake of 1%, and became interested in EIH because it recognised that despite the expanding regional airport network, and a growing number of low cost carriers, which were opening the country up to domestic and international tourists, India was relatively underserved by the hotel market. Even today, India has just 100,000 hotel rooms, compared to 80,000 in New York. The hospitality industry was inevitably affected by the contraction of global demand post the Credit Crisis, and to a lesser extent, by security concerns following the attacks in Mumbai at the end of 2008. However, industry observers are very positive on the outlook for the sector, noting that in-bound tourist arrivals typically bounce back very strongly post a downturn, and with events such as the Commonwealth Games, the IPL tournament and the 2011 Cricket World Cup all expected to firm demand.

During the period, the group opened a 436-room Trident at Bandra Kurla, Mumbai, and the Oberoi Mumbai, which was targeted during the shocking terrorist attacks in 2008, reopened at the end of April after substantial renovation. Additional openings are expected in Gurgaon, Delhi this year, and in Bangalore in 2011. Internationally, the construction of a 252-room Oberoi, at Business Bay in Dubai is underway, with opening expected in 2011 and management contracts have been signed for two Oberoi hotels in Abu Dhabi and one in Oman.

Global Cricket Ventures Limited, Mauritius

In November 2009, Elephant Capital announced a GBP 5.95 million investment in GCV, a digital media and broadcast company, with exclusive digital rights to some of the most exciting cricketing events globally. GCV is the exclusive licensee of key internet and mobile rights to the IPL and key internet rights to the CLT20 cricket tournaments, including the development, operation and monetisation of the official websites, respectively www.iplt20.com and www.clt20.com until 2017. The IPL is the world’s most successful club cricket T20 competition, setting new standards in terms of broadcasting rights valuation, advertising and sponsorship spend. World Sports Group and Multi Screen Media together paid USD1 billion for the ten year broadcasting rights in the first year of the tournament, subsequently revised upwards to USD1.6 billion in the second year, whilst ESPN Star Sports acquired ten year broadcast rights for the CLT20 tournament for USD975 million. GCV also owns the domain name www.cricket.com.

In January, Elephant Capital announced that GCV had acquired 100% of the issued share capital of Willow TV Inc. (“Willow”); Willow is the primary online broadcaster of cricket in North America, with television and online live streaming rights for most major international cricket events, including the IPL, CLT20 and ICC events, as well as long term rights from several cricket boards for North America. Post the Willow acquisition, and a further fund raising of USD 1.25 million, Elephant Capital’s equity stake has fallen from 50% at the time of our investment to 47% currently. Elephant Capital is represented on the board of GCV by Gaurav Burman.

The Manager worked closely with GCV during the third IPL season which was recently completed in India, and were impressed by the strategy GCV employed to fully monetise the rights it holds in relation to this tournament. By establishing a series of partnerships with leading “new media” firms, GCV was able to deliver the tournament to fans across multiple platforms, covering internet streaming, mobile TV, mobile internet, mobile and internet gaming, SMS and MMS services and customised mobile applications. Most significantly, Elephant Capital announced in January, that GCV had entered into a partnership with Google India (“Google”), whereby Google would monetise sponsorship and advertising for the official IPL website on behalf of GCV. Elephant Capital was pleased to note that this website was recently named one of the top 100 websites in India during the tournament, ranking 73rd, with 1 million page views. As part of the transaction with Google, YouTube, the online video portal which is a subsidiary of Google Inc. gained the right to stream IPL matches on a dedicated IPL channel on YouTube, raising the profile of the IPL and GCV, both in India and internationally.

The Manager and Advisor are extremely pleased with the progress GCV made during this tournament, and look forward to a similarly successful Champions’ League T20 series in September.

Mahindra Forgings Limited

Mahindra Forgings is part of the wider Mahindra Group, one of the best known industrial groups in India and a leader in the automotive space with approximately USD6 billion per annum in revenues. Mahindra Forgings itself is focused on manufacturing forging components for the commercial vehicle market in Europe, and in India, is the leading manufacturer of crankshaft and stub axles for Indian cars, multi-utility vehicles and tractors. With overseas revenue accounting for over 75% of total, the business was severely affected by the unprecedented downturn in the global auto market, but in recent months, the company has expressed "cautious optimism" and sales have shown a small increase in each successive quarter of the 2010 financial year. The company has also undertaken some significant restructuring initiatives, including the closure of a plant in the UK, the benefits of which have yet to be fully reflected in its financials.

The company reports that in India, domestic vehicle production is on an upward trend, with passenger cars up 28%, light commercial vehicles up 41% and medium / heavy commercial vehicles up 30% YoY in FY10, and growth of 10-15% forecast across the broader market in FY11. In Europe, where heavy truck production declined by 60% in FY10, there has been a revival in Q4 production numbers, reaching around 20,000 compared to 16,500 in Q310. Buoyant demand in both the international and Indian markets, coupled with aggressive cost cutting and restructuring initiatives internally bode well for the Mahindra Forging business and Elephant Capital, which is represented on the Board, is working closely with management to ensure that the company is well placed to profit from this recovery.

In February, Mahindra Forgings raised INR 1.75 billion through a QIP, with the proceeds to fund ongoing capital requirements, provide greater flexibility, and strengthen the debt covenants of the company. The promoters subscribed for 7.3 million warrants at a price 27% above the floor; the potential equity infusion which will be received in connection with these warrants is around INR 1 billion, of which nearly half has already been received, with the remainder due within 18 months of issue, at the latest. The QIP was very well received by the market, gaining nearly 60% from the QIP announcement to the closure of the issue. The stock further benefitted from news in March that Reliance Capital, one of the largest financial services companies in India, had acquired a 7.1% stake in the company on the secondary market.

During the period, Elephant Capital announced that it had been required to write down part of a loan of GBP 3.7 million extended to Krammer Holdings Pte. Ltd. The loan was originally secured by 60% of the share capital (the "Guarantee Shares") in Elephant Capital 1 Limited which holds shares in Mahindra Forgings. The Guarantee Shares were transferred to the Group under a Deed of Settlement dated 2 February 2010, effectively raising our position in Mahindra Forgings from 1.9 % to 3.9 %. Investors are encouraged to see our announcements of 16 February 2010 and 2 November 2009 as well as our 2009 annual reports, for further disclosure on this matter. Elephant Capital did not participate in the QIP detailed above, and accordingly our stake in the company has since been reduced to 3.1% (adjusting for exercised, but not unexercised warrants).

NIIT Limited

NIIT is the largest provider of vocational skills training in India, with operations in 34 countries. Its origins are in the IT space, but NIIT has transformed itself into a full-service education company, by establishing a presence in corporate training, vocational training outside IT, and developing innovative products for schools.

Elephant Capital started building a position in NIIT in March 2008, making further purchases in October and November, amassing a total interest of 1.6%. The share price suffered with the collapse of the equity markets last year, but as the economic outlook for India improved, and confidence in the "India growth story" regained momentum, the stock rallied strongly. Therefore, the Manager and Advisor took the decision in December 2009 to start realising its investment in this asset, and accordingly 1.9 million shares, representing 75% of the total holding were sold between the 11 December and the 21 January, achieving an IRR in excess of 25%. Selling was halted in January, as the markets weakened, but we have made opportunistic sales since. Elephant Capital currently holds 0.56 million shares (reflecting post balance sheet sales) in NIIT; the Manager and Advisor expect to realise this investment in full, as and when market conditions are favourable.

Nitco Limited

Nitco is one of the largest manufacturers of flooring tiles in India, with a market share of around 12% and has a direct interest in the real estate sector through a wholly owned subsidiary which develops residential and commercial property assets in Maharashtra. The Manager and Advisor became interested in the company because it wanted to participate in the significant real estate growth in India, but found it difficult to justify the already high valuations that the listed property companies were demanding. These valuations collapsed last year, in line with asset values globally and Nitco, with its business heavily exposed towards real estate, was severely affected. In response to the downturn, the company has sought to re-orientate its business towards the retail customer which is a higher margin, and less volatile market than the corporate space, and effectively gears Nitco to domestic consumption, which the Manager and Advisor believe is set to expand dramatically in the years to come. Although the stock has more than doubled against its earlier lows, it remains significantly short of our in-price and the Manager and Advisor are aware that it may take some time before value is fully restored to this investment.

Earlier in the period, Elephant Capital came to know and hence announced that Nitco's premises had been searched by the Directorate of Revenue Intelligence in connection with an investigation of custom duty payable on the import of marble slabs. Sales of vitrified tiles and imported marble were suspended for four months, and a revenue deposit of INR 250 million was provided to the Custom Authorities. The suspension on the sale of imports has now been lifted, and the Manager and Advisor believe that this issue is now firmly behind the company. Elephant Capital has a stake of 6% in the company, and is represented on the Board; it continues to work with other executive and independent directors to discuss future possibilities for the company.

Obopay Inc.

Obopay, is a privately held California based company that specialises in mobile phone payment technologies. Obopay's service allows individuals to instantly obtain, spend, and send money anywhere, anytime and to anyone using their mobile phone. Obopay is focused on emerging markets, such as India, which are "underbanked", but where mobile phone penetration is high; Obopay's technology effectively links those not currently served by traditional payment mechanisms to the financial system. It has developed strategic relationships with key players in the financial, telecommunications and technology industries to build its business in these countries, including Nokia and Yes Bank in India, Essar Telecom in Kenya, and Société Générale in Senegal and Cameroon.

Obopay has successfully raised USD 137 million in five separate funding rounds. Elephant Capital invested GBP 0.7 million in the Series 'C' funding and GBP 0.5 million in the Series 'D' funding, in July 2007 and April 2008 respectively. In its most recent fund raising, Obopay received total funding of USD 70m from Nokia and some existing investors in closings occurring in February 2009, April 2009 and January 2010 (funding rounds "E1" and "E2"). Given the valuation of the recent rounds of funding and the fact that Elephant Capital was awarded warrants due to the introductions the Advisor has made in the past, the Manager and Advisor decided not to invest in this last round of funding. As a result, our position in Obopay has fallen from 2.1% prior to funding rounds E1 and E2 to 1.3% post.

The Manager and Advisor believe that Obopay has found an excellent partner in Nokia, and are pleased to see that this collaboration has already been put into practice, with the pilot launch of "Nokia Money" in Pune, India earlier this year. This initiative has been invaluable in identifying and rectifying "teething troubles" and the company is very encouraged by their findings. The next step will be a city-to-city rollout, leveraging Nokia's network of 200,000 retailers. In Kenya, Obopay and partner Essar Telecom have launched "YuCash", with plans to roll the service out across Africa with local partners, and in Senegal, Obopay is targeting a launch later in 2010 in partnership with Société Générale and Société Générale de Banques au Senegal. Obopay is also exploring a move into Cameroon, again in conjunction with Société Générale.

Earlier in the period, the Obopay mobile payments application became available on Apple iPhones for use in the US, and in December 2009, Obopay was selected as 2010 Technology Pioneer by the World Economic Forum, in recognition of its innovation, transformational technology, leadership and substantial long term impact on businesses and society. The Manager and Advisor believe that the momentum for this technology is building, and are delighted that this has now been recognised by leading corporate as well as highly regarded internationally institutions.

As at 28 February 2010, the portfolio was as follows:

Company	**Sector**	**Listed /Unlisted**	**Cost £000**	**Valuation £000**	**Gain/(Loss) £000**
EIH Limited	Hospitality	Listed	5,402	7,029	1,627
Mahindra Forgings Limited*	Automotive	Listed	4,809	4,043	(766)
NIIT Limited	Education	Listed	472	614	142
Nitco Limited	Building Materials	Listed	1,393	1211	(182)
Obopay Inc.	Mobile Banking Services	Unlisted	1,239	1,792	553
Global Cricket Ventures Limited	Media	Unlisted	5,949	6,865	916
Total			19,264	21,554	2,290

The valuations of the above are in accordance with International Financial Reporting Standard / International Private Equity and Venture Capital Association guidelines. All investments are held at fair value through profit or loss and are recognised at the transaction date.

*Part of the investment in Mahindra Forgings Limited is held via an intermediary holding company, Elephant Capital 1 Limited (Mauritius).

Realisations

During the period, the Company made a partial exit of its investment in the following company:

NIIT Limited

Between 11 December 2009 and 21 January 2010, Elephant Capital sold 1.9 million shares in NIIT Limited resulting in a gain of GBP 0.6 million (being the excess of the sale consideration over the original cost).

Principles of valuations of investments:

Principles of valuation of unlisted investments

Investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

All investments are valued according to one of the following bases:

- Cost (less any provision required)
- Price of recent transaction
- Earnings multiple
- Net assets
- Sale price

Investments are valued at cost for a limited period after the date of acquisition. Thereafter, investments are valued on one of the other bases described above, and the earnings multiple basis of valuation will be used unless this is inappropriate, as in the case of certain asset based businesses.

When valuing on earnings multiple basis, profits before interest and tax of the current year will normally be used, depending on whether or not more than six months of the accounting period remain and the predictability of future profits. Such profits will be adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. This is normally related to comparable quoted companies, with adjustments made for points of difference between the comparator and the company being valued, in particular for risks, earnings growth prospects and surplus assets or excess liabilities.

Where a company has incurred losses, or if comparable quoted companies are not primarily valued on an earnings basis, then the valuation may be calculated with regard to the underlying net assets and any other relevant information, such as the pricing for subsequent recent investments by a third party in a new financing round that is actively being sought, then any offers from potential purchasers would be relevant in assessing the valuation of an investment and are taken into account in arriving at the valuation.

Where appropriate, a marketability discount (as reflected in the earnings' multiple) may be applied to the investment valuation, based on the likely timing of an exit, the influence over that exit, the risk of achieving conditions precedent to that exit and general market conditions.

When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalization of the Company's relevant accounts (interim or final), the valuation is based on the sale price.

In arriving at the value of an investment, the percentage ownership is calculated after taking into account any dilution through outstanding warrants, options and performance related mechanisms.

Principles of valuation of listed investments
Investments are valued at bid-market price or the conventions of the market on which they are quoted.

Valuation review procedures
Valuations are initially prepared by the Advisor. These valuations are then subject to review by external auditors, prior to final approval by the directors.

Events after the balance sheet date
Subsequent to the period end, a further 100,000 shares were sold in NIIT Limited.

Further details on events after the balance sheet date are disclosed in note 10 to the financial statements.

Gaurav Burman
On behalf of Elephant Capital LLP
21 May, 2010

Condensed Consolidated Statement of Comprehensive Income

	Notes	**Unaudited**	Unaudited	Audited
		Six months ended	Six months ended	Twelve months ended
		28 February 2010	28 February 2009	31 August 2009
		£'000	£'000	£'000
Revenue				
Investment and other income		**153**	402	871
Net foreign exchange gain		**61**	776	772
Net gain/ (loss) on financial assets at fair value through profit or loss	5	**3,484**	(6,637)	(3,508)
		3,698	(5,459)	(1,865)
Expenses				
Management fee	6	**(384)**	(298)	(651)
Loss on default in recovery of loan		**-**	-	(2,449)
Other expenses		**(487)**	(458)	(958)
Profit/(loss) before finance costs and tax		**2,827**	(6,215)	(5,923)
Finance costs		**(4)**	(2)	(4)
Profit/(loss) before tax		**2,823**	(6,217)	(5,927)
Income tax expense		**-**	-	-
Profit/(loss) after tax		**2,823**	(6,217)	(5,927)
Other comprehensive income for the period		**-**	**-**	**-**
Total comprehensive income for the period		**2,823**	(6,217)	(5,927)
Total comprehensive income attributable to:				
Owners of the parent		**2,786**	(6,226)	(6,068)
Non-controlling interest		**37**	9	141
		2,823	(6,217)	(5,927)
Earning/(loss) per share - (basic & diluted)		**6p**	(12p)	(12p)

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Statement of Financial Position

	Notes	**Unaudited as at 28 February 2010 £'000**	Audited as at 31 August 2009 £'000
ASSETS			
Non-current			
Investments at fair value through profit or loss	7	**21,554**	14,106
Property, plant and equipment		**23**	26
Other assets		**226**	23
		21,803	14,155
Current			
Receivables		**169**	558
Prepayments		**25**	36
Cash and cash equivalents		**23,034**	27,436
		23,228	28,030
Total assets		**45,031**	42,185
Current Liabilities			
Payables		**371**	278
		371	278
Net assets		**44,660**	41,907
EQUITY			
Share capital		**500**	500
Share premium		**47,752**	47,752
Unrealised investment revaluation reserve		**2,290**	(594)
Retained earnings		**(5,890)**	(5,792)
Attributable to the owners of the parent		**44,652**	41,866
Non-controlling interest		**8**	41
Total Equity		**44,660**	41,907
Net asset value per share		**£0.89**	£0.84

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements

Gaurav Burman
Director

Elizabeth Tansell
Director

Condensed Company Statement of Financial Position

	Notes	**Unaudited as at 28 February 2010 £'000**	Audited as at 31 August 2009 £'000
ASSETS			
Non-current			
Investments in subsidiaries		**28,235**	28,235
		28,235	28,235
Current assets			
Loan to subsidiary	9	**6,260**	-
Receivables		**678**	692
Prepayments		**12**	20
Cash and cash equivalents		**14,158**	20,602
		21,108	21,314
Total assets		**49,343**	49,549
Current liabilities			
Payables		**115**	72
		115	72
Net assets		**49,228**	49,477
EQUITY			
Share capital		**500**	500
Share premium		**47,752**	47,752
Retained earnings		**976**	1,225
		49,228	49,477
Equity attributable to owners of the Company			

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

Gaurav Burman
Director

Elizabeth Tansell
Director

Condensed Consolidated Statement of Cash Flows

		Unaudited Six months ended 28 February 2010 £'000	Unaudited Six months ended 28 February 2009 £'000	Audited Twelve months ended 31 August 2009 £'000
(A)	**Operating activities:**			
	Profit/(loss) before tax	**2,823**	(6217)	(5,927)
	Adjustments for :			
	-Depreciation	**6**	1	5
	-Interest income	**(53)**	(354)	(518)
	-Dividend income	**(25)**	(47)	(152)
	-Loss on default in recovery of loan	**-**	-	2,449
	-(Profit)/loss on sale of investments	**(276)**	-	1,455
	-Unrealised (gain)/ loss on investments	**(3,208)**	6,637	2,053
	-Unrealized foreign exchange (gain)/ loss on cash & cash equivalents	**(60)**	-	1
	Net changes in working capital :			
	- Decrease/(increase) in receivables, prepayments and other assets	**118**	154	(116)
	- Increase in payables	**93**	75	81
	Net cash (used in)/generated from operations	**(582)**	249	(669)
	Income taxes paid	**-**	-	-
	Net cash (used in)/ generated from operating activities	**(582)**	249	(669)
(B)	**Investing activities:**			
	Purchase of property, plant and equipment	**(3)**	(19)	(31)
	Purchase of investments	**(5,949)**	(595)	(1,987)
	Proceeds from sale of investments	**1,985**	2,052	3,429
	Interest received	**70**	268	303
	Dividend received	**87**	47	228
	Net cash (used in)/generated by investing activities	**(3,810)**	1,753	1,942
(C)	**Financing activities:**			
	Drawings made by partner in a group entity	**(70)**	-	(100)
	Net cash used in investing activities	**(70)**	-	(100)
	Net (decrease)/ increase in cash and cash equivalents	**(4,462)**	2,002	1,173
	Cash and cash equivalents at beginning of period	**27,436**	26,264	26,264
	Unrealized foreign exchange gain/(loss) on cash & cash equivalents	**60**	-	(1)
	Cash and cash equivalents at end of period	**23,034**	28,266	27,436

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements.`

Condensed Consolidated Statement of Changes in Equity

		Share Capital	Share Premium	Unrealised Investment Revaluation Reserve	Retained Earnings	Total attributed to owners of the parent	Non-controlling interest	Total Equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unaudited								
Balance as at 1 September 2009	*(a)*	500	47,752	(594)	(5792)	41,866	41	41,907
Transactions with owners	*(b)*	-	-	-	-	-	-	-
Other transactions								
Drawings made by partner in a group company		-	-	-	-	-	(70)	(70)
Net unrealised gain reserve transfer		-	-	3,208	(3,208)	-	-	-
Transfer of accumulated unrealized gain on investments sold		-	-	(324)	324	-	-	-
Profit for the period		-	-	-	2,786	2,786	37	2,823
	(c)	-	-	2,884	(98)	2,786	(33)	2,753
Balance as at 28 February 2010		**500**	**47,752**	**2,290**	**(5,890)**	**44,652**	**8**	**44,660**
Unaudited								
Balance as at 1 September 2008		500	47,752	(886)	568	47,934	-	47,934
Transactions with owners		-	-	-	-	-	-	-
Other transactions								
Net unrealised loss reserve transfer		-	-	(6,302)	6,302	-	-	-
Transfer of accumulated unrealised gain on investments sold		-	-	(658)	658	-	-	-
Loss for the period		-	-	-	(6,226)	(6,226)	9	(6,217)
	(c)	-	-	(6,960)	734	(6,226)	9	(6,217)
Balance as at 28 February 2009		500	47,752	(7,846)	1,302	41,708	9	41,717
Audited								
Balance as at 1 September 2008	*(a)*	500	47,752	(886)	568	47,934	-	47,934
Transactions with owners	*(b)*	-	-	-	-	-	-	-
Other transactions								
Drawings made by partner in a group company		-	-	-	-	-	(100)	(100)
Net unrealised loss reserve transfer		-	-	(2,053)	2,053	-	-	-
Transfer of accumulated unrealised gain on investments sold		-	-	2,345	(2,345)	-	-	-
Loss for the year		-	-	-	(6,068)	(6,068)	141	(5,927)
	(c)	-	-	292	(6,360)	(6,068)	41	(6,027)
Balance as at 31 August 2009		500	47,752	(594)	(5,792)	41,866	41	41,907

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

1. INTRODUCTION

Elephant Capital plc (the "Company") is a public limited company incorporated in the Isle of Man on 16 May 2006 and listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 25 April 2007. Its registered office is at 3rd Floor, Exchange House, 54–62 Athol Street, Douglas, Isle of Man, IM1 1JD.

The 'Group' represents the Company and its subsidiaries. The unaudited condensed consolidated interim financial statements comprise the financial information of the 'Group' and the 'Company'. The Company's business consists of investing through the Group in businesses that have operations primarily in India and generating returns for its shareholders.

2. GENERAL INFORMATION

The financial information for the six month period ended 28 February 2010 and comparative period for the six months ended 28 February 2009 do not constitute statutory accounts as referred to in section 9 of the Companies Act 1982.

The unaudited condensed consolidated interim financial statements are presented in pounds sterling (GBP), which is also the functional currency of the Group.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 28 February 2010 (including comparatives) were approved and authorised for issue by the Board of Directors on 21 May 2010.

3. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements (herein referred to as 'interim financial statements') for the six months period ended February 28, 2010 are prepared in accordance with *IAS 34 – Interim Financial Reporting* as adopted by the European Union. The condensed interim financial statements do not include all information required in annual financial statements in accordance with IFRS and should be read in conjunction with the annual consolidated financial statements for the year ended 31 August 2009.

These interim financial statements for the six months ended 28 February 2010 have been prepared using accounting policies and presentation consistent with those applied in the preparation and presentation of the financial statements for the year ended 31 August 2009 except for adoption of:

(a) IAS 1 *Presentation of Financial Statements (Revised 2007) -* The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Company's assets, liabilities, incomes and expenses is unchanged. IAS 1 affects the presentation of transactions with owners and introduces a 'Statement of Comprehensive Income'. The Company has an option to present a separate Income Statement and Statement of Comprehensive Income; or alternatively to present a Single Statement of Comprehensive Income comprising of two separate components – Income Statement & Statement of Other Comprehensive Income. The Company has chosen to present a Single Statement of Condensed Consolidated Statement of Comprehensive Income and does not present a Consolidated Income Statement as was presented in the consolidated financial statements for year ended August 31, 2009.

(b) IFRS 8 *Operating Segments* - The management has considered the requirements under IFRS 8 in relation to segmental reporting and concluded that the Group's activities form a single segment under the standard. From a geographical perspective, the Group's substantial investments are focused in India. Equally, in relation to business segmentation, the Group's investments are predominantly in the small and mid-cap businesses and it is considered that, the risks and rewards are not materially different whether the investments are listed or unlisted.

(c) Amendments to IFRS 7 *Financial Instruments: Disclosures* - The amendments require additional disclosures for financial instruments that are measured at fair value in the statement of financial position. The fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. (see note 8).

The comparative figures for the year ended 31 August 2009 are taken from the full statutory accounts, which contain an unqualified audit report. The comparative figures for the six months ended 28 February 2009 are taken from the half yearly unaudited condensed financial statements for that period. The accounting policies have been applied consistently throughout the Group for the preparation of consolidated financial statements.

4. STANDARDS ISSUED BUT NOT EFFECTIVE

Subsequent to the approval of the annual financial statements of the Group, the following additional standards, interpretations or amendments have been issued (but are pending endorsement by the European Union) until the date of approval of these unaudited condensed consolidated interim financial statements, which are relevant to the Group but are not yet effective and not adopted early by the Group:

Standard or Interpretation	**Effective dates**
IAS 24 Related Party Disclosures (Revised)	Issued November 2009 (effective 1 January 2011)
IFRS 9 Financial Instruments	Issued November2009 (effective 1 January 2013)
IFRIC 19 Extinguishing Financial Liabilities with Equity instruments	Issued November 2009 (effective 1 July 2010)
Improvements to IFRS (Issued 16 April 2009)	Various, earliest starting effective is for annual periods beginning on or after 1 January 2010

The management anticipates that the adoption of the new pronouncements is not expected to result in any significant change in measurement and recognition principles though certain additional disclosures will be required.

5. NET GAIN/ (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 28 February 2010	Six months ended 28 February 2009	Twelve months ended 31 August 2009
	£ '000	£ '000	£ '000
Unrealised gain on investments	**3,599**	-	788
Unrealised loss on investments	**(391)**	(6,302)	(2,841)
Profit/(loss) on sale of investments*	**276**	(335)	(1,455)
Total	**3,484**	(6,637)	(3,508)

*During the period ended 28 February 2010, the Company has partly disposed its investment in NIIT Limited of 1,943,913 shares for an aggregate consideration of GBP 1.98 million (the fair value of these shares was GBP 1.71 million as at August 31, 2009). The partial exit resulted in a realised gain of GBP 0.59 million (being the excess of sale consideration over the original cost of GBP 1.39 million). It may be noted that the Group has not provided for any carried interest that may accrue to the carried partner on the above disposal.

The Company does not isolate the portion of the gain /loss resulting from changes in foreign exchange rates while computing the net gain/ (loss) on financial assets at fair value through profit or loss. Such fluctuations are included within the unrealised gain or loss from investments.

6. MANAGEMENT FEE

Under the "Investment Management agreement", the amount of management fee during the period ended 28 February, 2010 and 2009 is six month's equivalent of GBP 1 Million or 2% of Net Assets Value, whichever is higher. Other expenses also include amounts out of the management fee paid to Elephant Capital LLP (investment manager) and incurred by them

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has invested in a portfolio of listed and unlisted securities of businesses operating primarily in India.

Details of the Group's investments are as under:

	28 February 2010	31 August 2009
	£ '000	£ '000
Listed Investments:		
Balance at the start of the period/ year	**12,428**	15,565
Additions	**-**	1,987
Addition on account of consolidation of Elephant 1 Limited	**-**	1,266
Disposals*	**(1,709)**	(4,884)
	10,719	13,934
Unrealised gain/ (loss)	**2,178**	(1,506)
Total listed investments at the end of the period/ year (A)	**12,897**	12,428
Unlisted Investments:		
Balance at the start of the period/ year	**1,678**	2,225
Additions**	**5,949**	-
Disposals	**-**	-
	7,627	2,225
Unrealised gain/ (loss)	**1,030**	(547)
Total unlisted investments at the end of the period/ year (B)	**8,657**	1,678
Total investments at the end of the period/year (A+B)	**21,554**	14,106

*As explained in note number 5 above.

**On 19 November 2009, Elephant Capital made an investment of GBP 5.95 million through its subsidiary Tusk Investments Fund 1 in funding of Global Cricket Ventures Limited, Mauritius ('GCV'), an online media and broadcasting company with an exciting collection of sporting rights in the internet space, with exclusive digital and mobile licensing rights in respect of the Indian Premier League("IPL") and Champion's League Twenty20 ('CL') cricket tournaments. It also owns the domain name, cricket.com.

8. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Group adopted the applicable amendments to IFRS 7 *Improving Disclosures about Financial Instruments* effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the statement of financial position.

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

28 February 2010	Note	**Level 1**	**Level 2**	**Level 3**
		£'000	£'000	£'000
Assets				
Investments at fair value through profit and loss	7			
- Listed securities		12,897	-	-
- unlisted securities		-	1,792	6,865
		12,897	1,792	6,865
31 August 2009				
Assets				
Investments at fair value through profit and loss	7			
- Listed securities		12,428	-	-
- unlisted securities		-	1,678	-
		12,428	1,678	-

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged from the previous reporting period i.e. 31 August 2009.

Listed securities

The quoted securities are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'), India and value of such listed investments has been determined using the closing bid market prices on NSE as at the reporting date (the closing bid market price as at 26 February 2010 has been taken rather than at 28 February 2010 as this was a Sunday and the market did not trade on this day)

Unlisted securities

The Group's unlisted investments have been valued in accordance with International Private Equity and Venture Capital Guidelines.

9. LOAN TO SUBSIDIARY (Company Balance Sheet)

During the period ended 28 February 2010, Elephant Capital Plc granted a loan of GBP 6.2 million to Elephant Capital LP which in turn advanced it to Tusk Investments Fund 1 (subsidiary of the Company) to fund the investment in GCV. The loan being an inter group transaction, does not appear in the Group Statement of Financial Position upon consolidation. The carrying value of the loan in the Company's Statement of Financial Position is not materially different from the fair value.

10. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the period end, there has been a gain in the value of the Group's listed investments due to a rise in the Indian stock markets. This has increased the unrealised gain reported by GBP 187 thousand resulting in the following valuations:

	As at 28 February 2010	Sales*	Unrealised Gain	**As at 20 May 2010**
	£ '000	£ '000	£ '000	**£ '000**
EIH Limited	7,029	-	226	**7,255**
Nitco Limited	1,211	-	96	**1,307**
Mahindra Forgings Limited	4,043	-	(155)	**3,888**
NIIT Limited	614	93	20	**541**
Total	12,897	93	187	**12,991**

* Being the fair value of 100 thousand shares of NIIT Limited as on 28 February '2010.

In the month of April 2010, 100 thousand shares of NIIT Limited held by the Company through its subsidiary Tusk Investments Fund 2 were sold for an aggregate consideration of GBP 106 thousand. The partial exit resulted in a realized gain of GBP 35 thousand (being the excess of sale consideration over the original cost of GBP 71 thousand). Subsequent to disposal the Company's aggregate holding in NIIT Limited was 562 thousand shares valued at GBP 541 thousand.